

NIGERIA EXTRACTIVE INDUSTRY TRANSPARENCY INITIATIVE (NEITI)

THE PRESIDENCY

ABUJA

PRESS STATEMENT

ON THE ALLEGATIONS OF TAX EVASION AGAINST THE CHEVRON GROUP BY ABZ INTEGRATED LTD

The Nigeria Extractive Industry Transparency Initiative (NEITI) is the Nigerian subset of a global initiative aimed at following due process and achieving transparency in Oil, Gas and Mining revenues paid by Extractive Industry (EI) companies to governments and government linked entities.

President Olusegun Obasanjo GCFR, at a Workshop on the 19-20 February 2004, launched the NEITI, which builds on existing government transparency efforts.

The National Stakeholders Working Group (NSWG) made up of 28 individuals from; Civil Society (2); Media (1); Government (14); Indigenous and Multi-National companies (3); the Organized Private Sector (4); National Assembly (2) and State's Houses of Assembly (2), is the platform through which the Federal Government of Nigeria is implementing the global initiative.

An extra-ordinary meeting of the NSWG was held at the NICON Hilton Hotel Abuja on the 9th of August 2005.

The meeting was convened to discuss severe and wide ranging tax evasion allegations against the Chevron Group by Mr. Fidelis Uzonwanne of ABZ Integrated Ltd.

Mr. Fidelis Uzonwanne of ABZ Integrated Ltd was given the opportunity, at the extra-ordinary meeting, to make a presentation to the NSWG on his allegations of tax evasion by the Chevron Group.

After Mr. Uzonwanne's presentation and a series of follow up questions by

the Members of the NSWG, there was a unanimity that Mr. Uzonwanne had less than a clear understanding of the operations and fiscal regime prevalent in the Nigerian Oil & Gas Sector particularly as regards the tax treatment of some categories of expenditure, tax incentives for Gas utilization projects and such like.

It was also observed that Mr. Uzonwanne failed to seek clarifications from the relevant Agencies, like the Federal Inland Revenue Service (FIRS), before concluding that a pattern of illegal behavior by Chevron existed.

To that end the NSWG, which strongly believes and supports the culture of factually based and accurate whistle blowing, admonished Mr. Uzonwanne for adopting a public campaign without first exhausting all internal remedies, thereby impairing the efficacy of his whistle blowing.

However, the NSWG was persuaded that a few of the allegations by ABZ against Chevron would require some more detailed expert enquiry, the nature of which, the on going Financial and Process Audits commissioned by the NEITI should resolve.

Therefore the NSWG undertook to make all the information that ABZ provided at the meeting available to the NEITI Independent Auditors currently auditing the Oil & Gas Companies in Nigeria as well as the Central bank of Nigeria (CBN), the Nigerian National Petroleum Corporation (NNPC/ NAPIMS), the Department for Petroleum Resources (DPR), the Office of the Accountant-

General of the Federation (OAGF) and the FIRS.

In line with the transparency and due process policy of this Administration, the NEITI shall publish all the information resulting from these comprehensive Financial, Physical and Process Audits of the Nigeria Extractive Industry.

On the other hand, the NSWG was able to establish through the testimony of the Economic and Financial Crimes Commission (EFCC) officials that ABZ had indeed been formally engaged as a Consultant and in that capacity done some work that assisted in the recovery of un-remitted Petroleum Profits Tax in the amount of \$6.5 Million by the Chevron Group.

The NSWG therefore asked the EFCC to initiate dialogue with both ABZ and the Federal Inland Revenue Service (FIRS) to resolve the issue of appropriate payment to ABZ for services rendered since the FIRS does in fact have a legal basis to make such payments to whistle blowers/ informants in its Statutory Act, following the established process.

Mr. Fidelis Uzonwanne of ABZ Ltd expressed his appreciation for the opportunity given to him by the NEITI to raise the issues that were heard and discussed.

The minutes of NSWG meetings and information on the progress being made with respect to the comprehensive NEITI Audits are available on the NEITI website at www.neiti.org

Signed

Obiageli Ezekwesili

Minister of Solid Minerals Development and
Chairperson, NEITI